

March 07, 2024

Kems Forgings Limited: Ratings moved to Issuer Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based Limits/CC	27.65	27.65	[ICRA]BBB(Stable); ISSUER NOT COOPERATING*; rating moved to Issuer Not Cooperating category
Short-term – Non-fund Based Facilities	1.00	1.00	[ICRA]A3+; ISSUER NOT COOPERATING*; rating moved to Issuer Not Cooperating category
Total	28.65	28.65	

*Issuer did not cooperate; based on best available information. [^]Instrument details are provided in Annexure-1

Rationale

ICRA has moved the ratings for the bank facilities of Kems Forgings Limited to the Issuer Not Cooperating category. The rating is denoted as [ICRA]BBB(Stable)/[ICRA]A3+; ISSUER NOT COOPERATING.

The ratings are based on limited cooperation from the entity since it was last rated in April 2023. As part of its process and in accordance with its rating agreement with Kems Forgings Limited, ICRA has been sending repeated reminders to the entity for the surveillance fee payment that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite cooperation and in line with ICRA's aforesaid policy, the rating has been moved to the Issuer Not Cooperating category.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities : [Click here.](#)

ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Policy in respect of Non-cooperation by a rated entity Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1970, as Sree Lakshmi Industrial Forge and Engineers Limited, it was acquired by the existing promoters in 1990 and was renamed to KFL in 2010. KFL is a part of the Gandhi Group, which includes its two group entities, SSF and KACL. KFL manufactures steel forgings, primarily for the automotive and construction equipment industries, with a strong product portfolio and established customer profile. The company has five manufacturing units across Karnataka and Tamil Nadu, with an annual installed production capacity of 51,000 MT.

Key financial indicators (audited)

KFL – Standalone	FY2022	FY2023
Operating income	290.5	380.8
PAT	9.6	15.3
OPBDITA/OI	8.1%	8.1%
PAT/OI	3.3%	4.0%
Total outside liabilities/Tangible net worth (times)	1.8	1.6
Total debt/OPBDITA (times)	3.4	2.9
Interest coverage (times)	4.1	4.7

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not Applicable check this

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the past 3 years				
		Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2023 (Rs. crore)	Date & Rating in		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Mar 7, 2024	Apr 28, 2023	Apr 07, 2022	Apr 02, 2021	Feb 11, 2020
1 Fund-based – CC	Long-term	27.65	-	[ICRA]BBB(Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
2 Non-fund Based Bank Guarantees	Short-term	1.00	-	[ICRA]A3+; ISSUER NOT COOPERATING	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term – Fund-based Limits/CC	Simple
Short-term – Non-fund Based Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
-	Long-term Fund-based Limits/CC	NA	NA	NA	27.65	[ICRA]BBB (Stable); ISSUER NOT COOPERATING
-	Short-term Non-fund Based Facilities	NA	NA	NA	1.00	[ICRA]A3+; ISSUER NOT COOPERATING

Source: Company

Annexure-II: List of entities considered for consolidated analysis - Not Applicable

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545 328

shamsherd@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Deepak Jotwani

+91 124 4545 870

deepak.jotwani@icraindia.com

Charvi Sagar

+91 124 4545 373

charvi.sagar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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